

## **Title: Health insurance markets for Medicare beneficiaries: work plan and preliminary analysis**

**ISSUE:** The insurance options that are actually available to Medicare beneficiaries – including those that supplement FFS Medicare and those designed to replace it – have evolved very differently in local markets across the United States. In the June 2003 report, we plan to describe and characterize the array of insurance options available to Medicare beneficiaries in different markets. This work will inform a more in-depth study of selected sites which will seek to identify factors that have contributed to, or posed barriers to, the effective functioning of markets for different sorts of insurance products for different beneficiary populations.

**KEY POINTS:** The initial analyses presented here draw on multiple data sources to characterize differences across states in the ways in which beneficiaries supplement Medicare. Future work will expand on these analyses, and, to the extent possible, examine patterns of coverage in sub-state metropolitan and rural market areas. Research questions that will be explored for the June report include:

- Are there identifiable patterns across local markets in the configurations of choice – the types of insurance options available, their relative costs, the array of providers accessible through available options, and the rate at which beneficiaries choose particular options?
- Are these different configurations related to local factors such as market size, population density (urban/rural), the concentration or ownership of providers (hospitals, physician groups, managed care plans, health insurance plans), economic structure (employment/industry structure, unionization, cost-of-living), socio-demographic factors (beneficiary age distribution, income), regulatory and policy environment (insurance and managed care regulations, public health infrastructure, Medicaid policy, etc.)? How different are beneficiary choices (premiums, benefits, providers) in states that require community rating of Medigap and/or in “waiver states” where Medigap options differ from the national standard set of plans?
- For particular types of beneficiaries, e.g. disabled, low-income, ESRD, frail, aged, are different types of markets for Medicare insurance products associated with differences in rates of supplemental coverage?

**ACTION:** The June chapter will provide a context for describing the salient differences across markets for insurance products and present data illustrating how differences in coverage have played out in different markets. It will also identify and describe a small number (4-6) particular markets that will be the focus of in-depth case studies to be completed over the summer. Staff would like Commissioners to comment on the background material, data, and work plan presented here and to suggest analyses they would like to see in the future.

**STAFF CONTACT:** Scott Harrison (202-220-3739); Jill Bernstein (202-220-3740).